



# Form 63-29A Ocean Marine Profits Tax Return

2005

Massachusetts  
Department of  
Revenue

To be filed by domestic and foreign insurance companies which are subject to the provisions of Massachusetts General Laws, Ch. 63, section 29A.  
For calendar year 2005 or taxable year beginning  
2005 and ending

Name of company

Federal Identification number

Mailing address

City/Town

State

Zip

Name of treasurer

Organized under the laws of

Has the federal government changed your taxable income for any prior year which has not yet been reported to Massachusetts?  Yes  No.

**All amounts must be properly entered on all forms. Failure will result in a penalty assessment. Attachments are not sufficient compliance.**

**Under the penalties of perjury, I declare that I have examined this return, including attachments, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which he/she has knowledge.**

Signature of appropriate corporate officer

Social Security number

Telephone number

Date

Individual or firm signature of preparer

Employer Identification number

Address

Date

►

If you are signing as an authorized delegate of the appropriate corporate officer, check here  and enclose Massachusetts Form M-2848, Power of Attorney. The Privacy Act Notice is available upon request.

## General Instructions

Where marine premiums are called for in this return, only premiums on goods or other insurable interests in the course of exportation, importation or transportation coastwise, or upon these goods or insurable interests while being prepared for or awaiting such shipment are to be included. The Massachusetts marine premiums not included in the foregoing classification are not subject to the provisions of sec. 29A of Ch. 63 of the Massachusetts General Laws but may be taxable under sec. 22 (domestic company) or sec. 23 (foreign company).

All companies which reasonably estimate their insurance excise to be in excess of \$1,000 are required to pay quarterly estimates of 40%, 25%, 25% and 10% of the tax due. Any inquiries relative to the filing of estimated tax vouchers or payments with respect thereto should be addressed to the Massachusetts Department of Revenue, Banking and Insurance Unit, PO Box 7052, Boston, MA 02204.

The actual estimated tax payments made must agree with the estimated tax payments shown on each return. All returns filed are on account of separate and distinct taxes, and payments made on account thereof should be so treated. An overpayment of one tax may not be taken as a credit against the current year's liability of another tax.

For information regarding the Home Energy Efficiency Credit and the Solar Heat Credit, see TIR 05-18.

**Full Employment Program Credit.** A qualified employer participating in the Full Employment Program may claim a credit of \$100 per month of eligible employment per employee. The maximum amount of credit that may be applied in all taxable years with respect to each employee is \$1,200. Enter the amount of Full Employment Credit claimed this year from Schedule FEC. Enclose Schedule FEC to this return. For more information, contact the Department of Transitional Assistance, 600 Washington Street, Boston, MA 02111.

**Low-Income Housing Credit.** To claim the Low-Income Housing credit, documentation must be enclosed with the return. For further information on this credit, contact the DHCD, Division of Private Housing, at (617) 727-7824.

**Historic Rehabilitation Credit.** Effective for tax years beginning on or after January 1, 2005 and ending on or before December 31, 2009, taxpayers may be eligible for the Historic Rehabilitation Credit (HRC). To claim this credit, a historic rehabilitation project must be complete and have been certified by the Massachusetts Historical Commission. Unused portions of the credit may be carried forward for a maximum of five years. This credit may be transferred or sold to another taxpayer. The HRC is not subject to the 50% limitation rule for corporate taxpayers. If the taxpayer disposes of the property generating the HRC, a portion of the credit may be subject to recapture. For further information, see 830 CMR 63.38R.1, Massachusetts Historic Rehabilitation Tax Credit.

Any corporation that wishes to contribute any amount to the Natural Heritage and Endangered Species Fund may do so on this form. This amount is added to the excise due. It increases the amount of the corporation's payment or reduces the amount of its refund. The Natural Heritage and Endangered Species Fund is administered by the Department of Fisheries, Wildlife and Environmental Law Enforcement to provide for conservation programs for rare, endangered and nongame wildlife and plants in the Commonwealth.

Reproduction of returns must be approved prior to filing and meet the criteria provided in Technical Information Release 95-8. Please address forms approval requests to the Banking and Insurance Unit, PO Box 7052, Boston, MA 02204.

**This return, together with payment in full, is due on or before May 15, 2006.**

Any portion of this excise not paid by the due date bears interest at the applicable rate, and a penalty of  $\frac{1}{2}\%$  per month, up to a maximum of 25% of the tax due. Failure to file this return on time incurs a penalty of 1% per month (or fraction thereof), up to a maximum of 25% of the tax due.

Mail to: **Massachusetts Department of Revenue, PO Box 7052, Boston, MA 02204.** Make check or money order payable to: **Commonwealth of Massachusetts.**

## **Dividend Deduction Schedule**

Dividends paid or credited to policyholders during the taxable year 2005. United States marine business subject to Section 29A of Chapter 63.

1 On direct business .....	1	
2 On reinsurance assumed .....	2	
3 Total .....	3	
4 Less dividends received on reinsurance paid. ....	4	
5 Net dividends paid or credited during 2005 on U.S. 29A Marine (from Profit Schedule, line 8) .....	5	

## **Federal Income Tax Deduction Schedule**

Lines 6 through 12 refer to Profit Schedule, line 10.

6 Total amount of federal income tax (actual) on business year 2005 .....	6	
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Give date for filing federal return \_\_\_\_\_.

In support of line 6, furnish a copy of your U.S. Corporation Income Tax Return, Form 1120. State the amount of underwriting gain and of investment income that comprise "Taxable Income" in line 30 of said return. If above date indicates federal return is not yet filed, state that line 6 is estimated. Submit aforementioned copy when available and the recomputation of lines 6 to 12 if necessary.

### **Part of 6 covering**

7 Investment income .....	7	Total tax on
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**Normal tax      or      Normal and surtax      Excess profits tax**

8 Underwriting gain .....	8			
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9 Underwriting profit — all classes (Insurance Expense Exhibit, Part II) .....	9	
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10 Underwriting profit (United States 29A Marine from page 3, line 9) .....	10	
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11 Ratio: Underwriting profit — United States 29A Marine, line 10 .....	11	
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Underwriting profit — all classes, item 9

12 Federal income tax on 2005 U.S. 29A Marine Business return. Obtain as follows: .....	12	
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If ratio in line 11 is less than 100%, apply said ratio to line 8.

If ratio in line 11 exceeds 100%, the following ratio is to be applied to line 8:

Underwriting profit — United States 29A Marine, line 10

Sum of underwriting gains of all classes showing gains in Expense Exhibit. Part II

## **Ocean Marine Underwriting Profit Per Expense Exhibit**

Complete the following schedule. The ocean marine underwriting profit as reported in the insurance expense exhibit is to be allocated to alien and United States with no adjustment in the latter for exclusion of prior losses. Give percentages that losses incurred and expenses incurred bear to earned premiums.

	Foreign		United States	
		Pct.		Pct.
Net earned premiums .....				
Net losses incurred .....				
Net expenses incurred .....				
Underwriting profit .....	Foreign		United States	

**Profit Schedule on Marine Insurance Written in the United States During the Year Ended December 31, 2005 (taxable year) in Accordance with the Provisions of Section 29A of Chapter 63 of the General Laws of the Commonwealth of Massachusetts**

1 Net premiums on marine insurance written in the United States during the taxable year, meaning gross premiums less return premiums, premiums on policies not taken and net premiums paid for reinsurance (from Supplementary Schedule, line 5, col. d) .....	1	
2 Subtract unearned premiums on such marine insurance at end of taxable year .....	2	
3 Total .....	3	
4 Add unearned premiums on such marine insurance at the beginning of year .....	4	
5 Net earned premiums on United States 29A marine insurance for taxable year.....	5	
6 Subtract net losses incurred (from Net Loss Schedule, line 9) .....	6	
7 Subtract net expenses incurred (from Supplementary Schedule, line 17) .....	7	
8 Subtract dividends paid or credited to policyholders (from dividend deduction schedule, line 5).....	8	
9 Balance .....	9	
10 Subtract federal income tax (from Dividend Deduction Schedule, line 12).....	10	
11 Balance.....	11	
12 Add excess of total of lines 7 and 10 over 40% of net premiums (from line 1).....	12	
13 Net underwriting profit on United States 29A Marine taxable year 2005. ....	13	

**Calculation of Tax**

1 Net underwriting profit for the year ended December 31, 2005 (from Profit Schedule, line 13) .....	1	
2 Net underwriting profit for the year ended December 31, 2004.....	2	
3 Net underwriting profit for the year ended December 31, 2003.....	3	
4 Total for three-year period. Add lines 1 through 3 .....	4	
5 Divide line 4 by 3.....	5	
6 Ratio — $\frac{\text{average Massachusetts marine premiums}}{\text{average United States marine premiums}}$ percentage (from Ratio Schedule, line 11) .....	6	
7 Amount taxable (apply percentage in line 6 to line 5) .....	► 7	
8 Tax at 5.7% .....	8	
9 Credit recapture (enclose Schedule H-2).....	► 9	
10 Tax due before credits. Add lines 8 and 9 .....	10	
11 Economic Opportunity Area Credit (enclose Schedule EOAC).....	► 11	
12 Full Employment Credit (enclose Schedule FEC).....	► 12	
13 Low-Income Housing Credit (enclose documentation) .....	► 13	
14 Historic Rehabilitation Credit (enclose documentation).....	► 14	
15 Home Energy Efficiency Credit .....	► 15	
16 Solar Heat Credit .....	► 16	
17 Total Credits .....	► 17	
18 Excise due before voluntary contribution. Subtract line 17 from line 10. Not less than "0".....	18	
19 Voluntary contribution for endangered wildlife conservation .....	► 19	
20 Excise due plus voluntary contribution. Add lines 18 and 19 .....	► 20	
21 2004 overpayment applied to 2005 estimated tax.....	► 21	
22 2005 Massachusetts estimated tax payments. Do not include amount from line 21 .....	► 22	
23 Payments made with extension .....	► 23	
24 Total payments. Add lines 21 through 23.....	24	
25 If total in line 24 is larger than line 20, enter amount overpaid .....	25	
26 Amount of line 25 to be credited to 2006 estimated tax .....	► 26	
27 Amount of line 25 to be refunded. Subtract line 26 from line 25.....	► 27	
28 If line 20 is larger than the total in line 24, enter the balance due.....	28	
29 M-2220 penalty ► \$ _____; Other penalties ► \$_____ Total penalty .....	29	
30 Interest on unpaid balance.....	► 30	
31 Total payment due at time of filing .....	► 31	

## **Supplementary Schedule**

## Premiums Written

**1 Direct (net of refunded).....**

### **2 Reinsurance assumed (net of returned)**

4 Deduct. Reinsurance premiums ceded . . . . .

**5 Net premiums retained . . . . .**

#### **Losses Paid**

• On direct writings (salvage deducted) .....

**7 On reinsurance assumed (salvage deducted) . . . . .**

**8** Total. Add lines 6 and 7. ....

10 Net losses paid: .....

## Ocean Marine Expenses

Col. a should agree with corresponding lines in Insurance Expense Exhibit

## **11 | Loss adjustment expenses**

13 Other acquisition, field supervision and collection expenses .....

## **14 General expenses .....**

#### **15 Taxes licenses and fees excluding federal income and real estate taxes. . .**

a. Entire business all classes	b. Foreign — all classes line 40(c) ocean marine and 45(d) all others	c. Business within United States all classes Subtract col. b from col. a	Classification of business within United States			g. Lines in col. d written in Massachusetts	h. Lines in col. d applying to losses incurred prior to January 1, 1945 or date applicable
			d. Marine as per Section 29A	e. Marine, other than as per Section 29A	f. All other classes		
1							
2							
3						*a _____	
4						*b _____	
5	c _____ d _____					**	
6							
7							
8							
9							
10	c _____ d _____						
Paid		Incurred	Incurred	e. Lines in col. d applying to business of years prior to January 1, 1945 or date applicable			
a. Total ocean marine business	b. Foreign ocean marine business	c. Foreign ocean marine business	d. Ocean marine business within United States	e. Lines in col. d applying to business of years prior to January 1, 1945 or date applicable			
11							
12							
13							
14							
15							
16							
Deduct: total of col. e							

\*Show separation into (a) authorized and (b) unauthorized reinsurance.

**\*\*Reconciliation of line 5, col. g with annual statement, page 14. Show pools, exchange, treaties and the amounts assumed and ceded through each.**

## Section 29A United States Marine Insurance Net Losses Incurred in Taxable Year

The standard cut-off date for lines 1 to 9 is December 31, 1944.

<b>1</b>	Payments during the taxable year on marine losses (salvage deducted) incurred since December 31, 1944, less recoveries on reinsurance on losses incurred since December 31, 1944 (from Supplementary Schedule, line 10, col. d less col. h) . . . . .	<b>1</b>	<input type="text"/>
<b>2</b>	Add reinsurance recoverable December 31 of the previous year on paid marine losses incurred since December 31, 1944 . . . . .	<b>2</b>	<input type="text"/>
<b>3</b>	Total . . . . .	<b>3</b>	<input type="text"/>
<b>4</b>	Deduct reinsurance recoverable December 31 of the taxable year on paid marine losses incurred since December 31, 1944 . . . . .	<b>4</b>	<input type="text"/>
<b>5</b>	Balance . . . . .	<b>5</b>	<input type="text"/>
<b>6</b>	Add net amount unpaid December 31 of the taxable year on marine losses incurred since December 31, 1944 (net as to recoveries on reinsurance ceded) . . . . .	<b>6</b>	<input type="text"/>
	Amount excluded on losses incurred prior to January 1, 1945. . . . . *\$ _____		
<b>7</b>	Total . . . . .	<b>7</b>	<input type="text"/>
<b>8</b>	Deduct net amount unpaid December 31 of the previous year on marine losses incurred since December 31, 1944 (net as to recoveries on reinsurance ceded) . . . . .	<b>8</b>	<input type="text"/>
	Amount excluded on losses incurred prior to January 1, 1945. . . . . \$ _____		
<b>9</b>	Net losses incurred during the taxable year of 2005 . . . . .	<b>9</b>	<input type="text"/>

## Ratios

In the following, net premiums means direct premiums plus reinsurance assumed, both net of returned premiums, and less net reinsurance premiums ceded.

<b>1</b>	Net premiums on 29A Marine business written in United States in 2005 (from Supplementary Schedule, line 5, col. d) . . . . .	<b>1</b>	<input type="text"/>
<b>2</b>	The same written in 2004 . . . . .	<b>2</b>	<input type="text"/>
<b>3</b>	The same written in 2003 . . . . .	<b>3</b>	<input type="text"/>
<b>4</b>	Total for three-year period . . . . .	<b>4</b>	<input type="text"/>
<b>5</b>	Average. Divide line 4 by 3 . . . . .	<b>5</b>	<input type="text"/>
<b>6</b>	Net premiums on 29A Marine business written in Massachusetts in 2005 (from Supplementary Schedule, line 5, col. g) . . . . .	<b>6</b>	<input type="text"/>
<b>7</b>	The same written in 2004 . . . . .	<b>7</b>	<input type="text"/>
<b>8</b>	The same written in 2003 . . . . .	<b>8</b>	<input type="text"/>
<b>9</b>	Total for 3-year period . . . . .	<b>9</b>	<input type="text"/>
<b>10</b>	Average. Divide line 9 by 3 . . . . .	<b>10</b>	<input type="text"/>
<b>11</b>	Average Massachusetts Marine Premiums (line 10) \$ _____ (carry decimal to six places)	<b>11</b>	<input type="text"/>
	Average United States Marine Premiums (line 5) \$ _____		

\*Amount of actual United States unpaid losses is required.

## **Notes**

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